

Reserve
1.933
R 222

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

June 1, 1952.

P R E S S D I G E S T

A Sample of Newspaper Stories and Comment Regarding
The Rural Electrification and Rural Telephone Programs

E L E C T R I F I C A T I O N

"THE FARMER TAKES A HAND"

Excerpts from four reviews
of Marquis Childs' new book

Rural electrification, which reached only one farm in ten twenty years ago, now extends to lighten the work and life on nine-tenths of American farms The whole achievement, as Marquis Childs reports it, affords a grand example of how co-ops, cleaving "a middle way" between socialism and profit capitalism, can stimulate the profit system and all concerned" Marquis Childs' field accounts of how giant power, however gained, is remaking rural America are deeply moving. -- New York Times, April 13, 1952.

This history is well told. It needed telling in this way. . . . The story of rural electrification is an amazing one. It is remarkable that it has created so little interest among city dwellers. -- Washington Post, April 13, 1952.

. . . . As Mr. Childs points out, many utilities are still pouring out money to hamstring the cooperatives. They claim the co-ops don't pay taxes which isn't true. They claim that cooperatives are un-American, although Sen. Taft, hardly a radical, holds that "a true cooperative is just as much private enterprise as a private utility." Mr. Childs reports this transformation of the American farm with enthusiasm While the co-ops still have to fight the big companies (whose surveys used to "prove" that electricity on the farm couldn't be made to pay), the figures show that the pioneering of the co-ops has made business for the companies It is reassuring to come on so serene a report New York Herald Tribune, April 11, 1952.

Last summer Washington columnist Marquis Childs toured rural electric cooperatives in many parts of the country enjoying the warm hospitality and fried chicken of the farm folk. This month Childs filed a long thank-you note to his hosts in the form of a 250-page book "The Farmer Takes A Hand." Mostly it is filled with praise for his hosts and the NRECA which assisted in its preparation and is guaranteeing a sale of 5,000 copies to its members A thoroughly readable document -- Electrical World, March 24, 1952.

THE BEDFORD DAILY GAZETTE (Bedford, Pa.) issued a special 8-page section April 9, 1952, marking the opening of a new headquarters building by the Bedford Rural Electric Cooperative.

GREEN RIVER CO-OP IMPORTANT
FACTOR IN STATE DEVELOPMENT

Ohio County (Ky.) News,
April 17, 1952

The Green River Rural Electric Cooperative Corporation is truly a local concern. It believes in the future of rural Kentucky and is backing that faith by improvements that will aid in the development of natural resources in this territory.

There is no more difficult or more thankless task than the successful operation of an electrical concern such as this one

Therefore we wish to direct the attention of all our readers to the admirable manner in which this cooperative has served its many members; to the improvements made to keep every branch of the service up-to-date, and to the public-spirited policies that have characterized the management of this vital enterprise

THE LAST GASP FROM TRUMAN

Editorial, Electrical World,
March 24, 1952

President Truman's message to the annual convention of the NRECA should be preserved as an important historical document. Certainly it is important because it contains all of the insidious terms and techniques of the subsidized federal power advocates. It can also be construed as the Fair Deal platform for 1952.

We say this is a historical document because it will be relegated to history. The American people will no longer put up with the kind of governmental interference sponsored by the present administration. The statement also reaches a new level of absurdity when it says that federal power is democratic, not socialistic, and that the power companies' "advertising campaign itself is pretty close to 'socialism' because the taxpayers finance so much of the cost."

COMPONENTS OF A STRONG PUBLIC RELATIONS
PROGRAM

Edison Electric Institute Bulletin
March 1952

. . . . We need thousands of supporters who sincerely believe that our companies are operated on sound business principles, for the service of the public, with rates that are established fairly. Fortunately we have channels through which to carry such convincing messages:

6. Cooking schools, appliance demonstrations, and other promotional meetings held with customers give opportunity for showing short movies or injecting a few words to urge support of company objectives or of our highly productive enterprise system. . . .

REA'S NEW PROGRAM TO PUSH LOANS FOR
TELEPHONES ON FARMS

Washington dispatch in
Wall Street Journal,
April 29, 1952

The Rural Electrification Administration is planning a major switch in its program. Instead of concentrating on loans for the purpose of getting electric power to the nation's farms, it will now put its emphasis on supplying them with telephones. REA feels that most of its job of providing the means for electrifying farms is done. An official said over 4,450,000 of the country's 5,250,000 farms now have electricity. But less than 40% of them have telephones. REA has \$100,000,000 in lending authority and \$75,000,000 in reserve for electric power loans, and wants to keep this authority unimpaired. But it wants to boost, in the coming fiscal year, its present \$9,000,000 of authority for telephone loans to about \$50,000,000.

REA started operations in 1935, when only 750,000 farms out of a total of 5,750,000 had any electric power. By making loans to electric power cooperatives, REA has speeded up expansion of electric power lines in rural communities, which private power companies have been slow to reach.

NRECA TELEPHONE AFFILIATES

Telephony, March 29, 1952

(At its Chicago convention), the NRECA adopted a resolution which apparently has the effect of creating a special kind of NRECA membership for rural telephone cooperatives. This resolution provides that any "national rural telephone system" (meaning an REA borrower or prospective borrower organized on a cooperative or non-profit basis) may make a special contract with NRECA, thereby becoming an "NRECA telephone affiliate." Such special members would contribute \$10 a year and a small charge of from two to five cents per telephone station served (depending on the size of system.) In return NRECA will continue its efforts to advance the rural telephone program, including the affairs of the particular system joining as an "affiliate."

Heretofore, NRECA has been helping the telephone co-ops to get favorable state and federal legislation without charge. Now it feels that the telephone co-ops can contribute to further NRECA efforts to obtain legislation enabling farmers to establish rural telephone systems similar to REA cooperatives, and that such systems when established are of assistance to the REA co-ops and the development of rural electrification

VIRGINIA TEST OF WIRELESS PHONES
FOR RURAL USE

Syracuse (N. Y.) AP dispatch
in New York Times, April 28.

The General Electric Company said it was experimenting with a wireless telephone service for rural areas. Equipment manufacturers at Electronics Park here has been installed for a first test in a Virginia area that includes Five Miles Forks and Alsop, towns ten miles apart. Dial telephones have been installed in seven homes on a one-party line in the Alsop area, connecting by wire in the conventional manner. Their connection with Five Miles Forks is by radio relay.

The dial system works by electronic tones carried by radio signals. The service is tied into facilities of the Fredericksburg and Wilderness Telephone Co. The installation was authorized by the Federal Rural Electrification Administration, with authorization from the Federal Communications Commission. The automatic radio stations are mounted in weatherproof cabinets on telephone poles.

WHO GETS THE GRAVY?

Editorial, Jackson, Miss., News,
April 8, 1952

Proponents of the so-called rural telephone bill are trying to create the impression in the minds of legislators that the pending House and Senate measures are "for the benefit of the farmers and the rural telephone system."

That isn't true. It is as false as Soviet propaganda.

The two measures are for the benefit of a selfish group of REA executives who have fattened their purses on the electric power industry, and now want to do some more fattening of their bulging purses

The farmers of Mississippi would derive no benefit from this Welfare State legislation. It is utterly selfish in purpose, launched for the purpose of putting another gravy train on the track, and the only beneficiaries will be the REA executives who have been spending thousands of dollars in frantic lobbying for its passage.

DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.
JUL 2 1952
In New York City, April 1952

VIRGINIA TEST OF WIRELESS TONES
FOR RURAL USE

1933
R222
Cop 2

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

July 1, 1952

P R E S S D I G E S T

A Sample of Newspaper Stories and Comment Regarding the
Rural Electrification and Rural Telephone Program

A B O U T T H E R E O R G A N I Z A T I O N

REA TURNS TO TELEPHONES

Farm Journal
June 1952

The Rea now is convinced it is "over the hump." It's no longer a problem of new lines, but of good use of power. Besides, REA intends to emphasize its telephone operations. By reorganizing its administrative set-up, REA hopes to reach two goals: (1) More than a third of REA staffers will concentrate on telephone problems. (2) REA recognizes that electric co-ops are becoming self-sufficient, and doesn't intend to "Momma" them as much as in the past.

Telephony
May 10, 1952

In addition to carrying the complete text of the statement on reorganization of the REA, this issue of Telephony carried the following item:

REA SHIFTS EMPHASIS TO TELEPHONE LOAN PROGRAM

REA is shifting its emphasis towards rural telephone loans. Changes are to be made which mean an increase of 50 percent in the telephone staff. Two new divisions, a Telephone Loans Division and a Telephone Engineering Division, will be established. Early completion of rural electric distribution is the reason REA is turning more towards the telephone loan business. In its appropriations for fiscal 1953, (soon to be passed by the Senate), REA will have 25 million dollars in telephone loan authority which will amount to one-half of the new lending authority for rural electrification -- first time the telephone program has approached such a comparative position. REA loans are now trending towards generation and transmission, as distinguished from rural distribution of electricity.

REA TO PUSH FARM TELEPHONE LINES

Patriot News
Harrisburg, Pennsylvania
May 4, 1952

A major shift in emphasis from electrification to telephones will take place in the REA July 1. Administrator Wickard said his organization is reaching the saturation point in installation of electric power lines and

is now turning its attention to establishing new telephone circuits on the nation's farms. He said that less than 40 percent of them had phones. When the reorganization is complete, the telephone staff will be doubled. The telephone program was started in the Fall of 1949. Besides expanding the telephone staff, Wickard said the organization for handling the electric program is being streamlined to give the most effective assistance to rural electric borrowers. Most of the electric phase will consist of maintenance work and servicing of loans.

ELECTRIFICATION

TRUMAN ASSAILS POWER CONCERNS;
MAY ASK INQUIRY

Story by A. Leviero in
New York Times
May 27, 1952

Washington 26 - President Truman asserted today that he might investigate to see whether the Corrupt Practices Act could be invoked against private power companies. He said they were spending millions of dollars in a "vicious" campaign against public power. His point was that money so spent was being charged off as operating expenses and tax payments therefore were lower. His denunciation was made before the delegates to the Electric Consumers Conference. They represent municipal and state agencies that use public power, rural electrification agencies and co-ops. He declared the utility companies try to scare the people with cries of "socialism" after they had made an opinion survey and found the public favored public power projects like TVA. Secretary of Interior Chapman said this was a "crucial period" in the Federal power program, accusing the private companies of trying to destroy it. Both he and Murray D. Lincoln, head of the Cooperative League of the U.S. asserted there was a concerted drive by the private companies to kill the preference clause in the Federal Public Power Law which gives municipalities and state, rural electrification and Federal agencies priority for publicly produced power.

THE REA REVOLUTION

Editorial in
St. Louis Post-Dispatch
May 9, 1952

On May 11 the REA will observe its 17th birthday. In these 17 years REA and the farmers have built one million miles of transmission line to serve more than 3 million farm families. Marquis Childs tells about it in a book, "The Farmer Takes a Hand: The Electric Power Revolution in Rural America."

Farmers needed electricity to cut wood, cut ensilage and lift it into the silo, dry corn, hay and tobacco, spray and grade peaches and apples, to milk cows, shell corn, etc. To the great bulk of this demand for electric power, most commercial utility companies were indifferent. As RFC made loans to commercial companies, REA made loans to co-ops of farmers on which the delinquency rate is less than half of one percent. And in the farm home, electricity adds light, running water, radio and television. To install electric machinery, farmers have spent nearly four times as much as they borrowed from REA. In this fine record some commercial electric

utility companies share -- the Georgia Power Company, the Iowa Electric Light and Power Company and the Montana-Dakota Utilities. It can hardly be possible to doubt that the power line marching along the country road and across the farm field, has brought about what Mr. Childs calls -- a revolution.

ELECTRIC ERA

Editorial in
Bedford (Pa.) Gazette
April 9, 1952

The Bedford Rural Electric Cooperative established in 1939, locally owned and operated, was made possible by loans made by the Federal government which are being steadily repaid. It did not seem economically feasible for Penelec, a privately owned company, to extend its lines to sparsely settled rural areas and Bedford took over this job. Thus Bedford is actually a transmission agency. From 101 members in December 1939, it has grown to 2,543 consumers in Bedford, Fulton and Somerset counties. In 1951 its total consumption was 7,745,945 kw hours, a growth of more than 20-fold over a span of little more than a decade. Farmers are generally agreed that the coming of electricity meant more to them in the past decade than any other factor -- more even than the tractor which has revolutionized many farming methods. Wherever Bedford Rural Electric crews operate they are in close touch with the central office through their own radio system. What the co-op has meant to farmers it has also meant to the economy of this area. It has developed a potential market for thousands upon thousands of dollars worth of deep freezes, stoves, and electrical appliances of all types.

CO-OP TO OPEN MURPHYSBORO OFFICE APRIL 20

Southern Illinoisan
Carbondale, Illinois
April 3, 1952

The Egyptian Electric Cooperative's new sub-headquarters southeast of Murphysboro will open April 20. March 30 marked the 12th anniversary of the co-op. Since the first farm home was energized on March 30, 1940, 1,543 miles of electric lines have been strung in rural areas, giving service to 4,500 farms, homes and rural business enterprises. Officials estimate that more than 200 farms are still prospective members. A recent survey indicates that farmers served by the co-op have spent \$13 million for electric equipment and wiring during the 12 years. The average farmer on the lines, Manager Holt said, uses about 200 kilowatt hours a month at an average cost of \$8.86. Each year the demand for electricity in the rural areas increases about 15 percent, Holt said.

POWER COMPANY "ENDING A BLUFF" ON ROANOKE RAPIDS DAM

Editorial in
Raleigh (N.C.) News and Observer
May 7, 1952

When the Circuit Court of Appeals ruled with it, VEPCO announced that it would go ahead with construction of a dam on the Roanoke River. Now the highest tribunal has announced it will review the decision. It is not surprising that the power company has decided that discretion is the better part of valor. There was never any reason why the decision of a lower

court should be regarded as final. Had the decision gone the other way, the power company would have appealed as a matter of course and could not have been criticized for doing so. The issue is important. It should be settled by the courts, and the power companies, who have always exercised every recourse open to them before conceding defeat, should be the last ones to suggest the government should not exercise the same right or that the Supreme Court should accept automatically the decision of the circuit court.

TALE OF 2 SHORE ISLANDS: REA AID
BROUGHT THEM TOGETHER

The Washington Post
May 31, 1952

The 1900 persons on Tangier and Smith Islands, until recently, lived without the benefit of electrical equipment. Four years ago, REA brought electric power to the islands. That brought the people of the islands together. Fishing was their occupation. The Tangier oyster long ago virtually disappeared from Eastern Shore dining tables. When the electric plant proved successful, islanders asked: Why can't we do the same thing about restoring our oysters? Smith Island residents (in Maryland) formed a co-op two years ago to restore the oyster industry. When the Tangier Islanders became interested in an oyster co-op, they found Virginia's laws didn't permit one. At the last session of the Virginia Legislature, an Eastern Shore resident got the word "fishing" inserted into the statute. Tangier residents haven't waited for the law. They formed, several months ago, the Tangier Oyster Cooperative. Ultimately, they plan to build oyster houses on both islands. They see even greater ventures in the future -- all because REA built a plant on the island virtually neglected by the overall government for 300 years.

TELEPHONES

FUNCTION OF FEDERAL GOVERNMENT

Telephony
May 17, 1952

In a full discussion of what he considers the encroachment of the Federal government on industry's domain, -- particularly the electric power industry and now the telephone business -- Francis Welch says:

You all know the background of the co-op movement in the telephone business before REA. They are dying out. If left alone, they sometimes performed useful functions. Whenever operations became big, they tended to turn into commercial companies or failed. The cooperatives now find themselves well able to compete with other people's money. We have got to pull the government out of the power business -- if necessary, financing the transition with private capital. It won't be necessary to repeal a whole lot of laws. All these can be changed or modified to work beneficially and cooperatively with business enterprise once a new government outlook has been installed at the top. The REA rural telephone loan law is a case in point. With the way overall Washington relations with business have been drifting the past few years, that law has dangerous possibilities for the future of your industry.

There is no reason why this job (getting telephones to the farmers) cannot be licked in another 10 years -- with or without REA loans. Once this job is licked, there should be no more excuse for REA hanging around Washington. By that time rural electrification will have been completed.

OHIOANS WARNED TO STRENGTHEN
PRIVATE ENTERPRISE IN INDUSTRY

Telephony
May 10, 1952

In addition to increased demand for service, material and manpower shortage, rising operation costs, the telephone industry has an additional problem "someone else lurking over our shoulder", Weldon Case, president of Ohio Independent Telephone Association, told the annual convention at Columbus. "By doing the job for us, ***the only thing they ask is for us to sacrifice our free enterprise system, give up our management powers, and turn all that over to the federal government -- the telephone division of the REA," Case said.

OUTSIDE PLANT MAINTENANCE

Article by J.A. McKinzie
(Genl Plant Supt)
Lincoln (Neb.) Telephone & Telegraph
Co. in
Telephony
May 10, 1952

"The introduction of rural electrification and the expansion of rural dial telephone service brought problems that seemed quite difficult to solve at the time. We now realize, although we incurred rather considerable expense in eliminating noise induction and unsatisfactory dial operation on rural lines, the corrective measures greatly improved transmission and signaling on these lines. We also eliminated crosstalk trouble on the lines, because of the transpositions that had to be made to reduce noise induction. All of this was of considerable benefit to our relations with the subscribers particularly those residing in rural districts.

Prior to the advent of rural electrification, we had trouble in getting permission from owners to remove trees and shrubs from right-of-ways abutting their properties in order to keep our lines free from trouble. When the REA built their lines into the country to serve farms, these property owners found that, if they wanted to get electric light and power for their farms, they had to allow the power district to clear the right-of-ways of obstructing plant growths. They also found their telephone service was satisfactory only to the extent that their lines were free from tree contacts. The net result is that these owners now are granting permission for the needed clearance work in most cases.

LIBRARY
GENERAL RECORD
AUG 1 - 1952
U.S. DEPARTMENT OF AGRICULTURE

11105
R222
Cap 2

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

July 17, 1952

P R E S S D I G E S T

A Sample of Newspaper Stories and Comment Regarding the
Rural Electrification and Rural Telephone Program

- - - - -

ELECTRIFICATION

REPORT PROGRESS IN SEARCH FOR
ATOMIC PRODUCTION OF POWER

Ann Arbor, Michigan dispatch in
New York Times
June 27, 1952

Solution of the problem of economic production of electric power from atomic energy, with simultaneous manufacture of vitally-needed plutonium is believed to have been found, E. J. Putzell, Secretary of the Monsanto Chemical Company of St. Louis said. He reported that a scientific team from Monsanto and the Union Electric Company of Missouri had recommended design and construction of a pilot for a moderated type of atomic reactor. The team feels there is no present possibility of constructing a reactor that would produce only power. Manufacture of plutonium as a co-product is also necessary at present but this fits in with the government's need for plutonium. Perhaps, he added, a decade or more of intensive research lies ahead before a reactor making only electricity will become a reality.

EDISON INSTITUTE HEAD ANSWERS
TRUMAN ON POWER ISSUE

New York Journal of Commerce
June 3, 1952

Cleveland - Taxpayers will not support costly Federal power programs indefinitely when they understand they can get as much or more from private enterprise which operates under full public regulatory procedures, George Gadsby, President of EEI, said at the opening of the annual EEI convention here. Much needs to be done to advise the public about the waste involved in the construction of generating facilities and transmission lines by the Federal agencies when our companies are spending enormous sums to meet the requirements of people in their operating areas, he continued. Noting that the Government power group had enlisted the aid of the President, Gadsby remarked that Mr. Truman should have known that utility companies are allowed under all regulatory laws only a just and reasonable return on their investment. If the government builds dams and power houses, and the utility companies have access to the power generated for distribution to their customers, they (the utility companies) make no profit whatsoever on the investment made entirely at the utility's expense in transmission

lines for delivering the government energy from the power plant to the consumer.

CORETTE SAYS FEDERAL POWER AFFECTS
27 PERCENT OF PRIVATE PLANTS

Story by Thomas P. Swift in
New York Times
June 5, 1952

Cleveland - The continued trend toward "socialization" of the electric power and light industry in the U. S. has reached the point where 27 percent of the private power plants are affected by Federal power operations, John E. Corette, Vice President of the Montana Power Co., said at the closing session of the annual convention of the EEI. By the end of this year, he reported, the Federal government will have spent \$4,258,000,000 on projects involving power, exclusive of the \$2,700,000,000 that has been appropriated for the REA's program. Corette said the TVA was a "good example" of the direction Federal power was taking, adding that we have learned by bitter experience that Federal dams authorized ostensibly for irrigating arid lands or controlling floods often turn out to be weapons to destroy the electric companies in the area and put the Federal government in the power business.

NEW PUBLIC POWER LOBBY LAUNCHED WITH WASHINGTON News column in
WILD ORATORY BLASTING UTILITY INDUSTRY Electric Light and Power
June 1952

The public power boys were all steamed up last month. They got that way during the two-day Washington meeting of the newly formed Electric Consumers Conference, sponsored by various public power, farm and labor organizations. Purpose of ECC is to provide consumers with a national forum in which to express their views, guard their rights and counterattacks by private utilities on the nation's public power program. It's a good bet that plenty of the several hundred who attended the conference don't know they're getting into a Commie front organization. The group's first job will be to smear the industry under the guise of "defense of consumers." Some 20 speakers including President Truman, Secretary Chapman, Senators Hill and Humphrey concentrated on attacking the "vicious propaganda campaign" of the utilities. The suspicious complexion of the new organization brought forth a resolution in the House for an investigation of its background, aims, etc.

New York Times
July 3, 1952

President Truman in his speech dedicating the Bull Shoals and Norfolk Dams, said in part:

"These great dams are stopping floods and they are producing power---all at the same time.****Power can make a tremendous difference in people's lives.**** Farm families and town families need electricity for refrigerators, and freezers, and hay dryers, and feed grinders, and a hundred other uses.****Right now they (private power companies)

are trying to stop the farmers of this area from getting the benefit of low-cost hydro-electric power through their electric cooperatives. ****We can provide a rising standard of living for our people. But if we are to do that, we must use all our natural resources. By 1975 we are going to need two and a half times as much electric power as we produce today. That means we must develop hydro-electric power at every site where it is feasible. ****Here in Arkansas, in the early Nineteen Thirties, only one farm in every 100 was connected for electricity. ****Today nearly 80 out of 100—or 140,000 Arkansas farms—are connected to the highlines. This has come about mainly through the good work of the REA. .

11,000 PERSONS ATTEND SHOW
SPONSORED BY GRAYSON CO-OP

The Journal Enquirer
Grayson, Kentucky
July 3, 1952

An estimated 11,000 persons attended the annual farm show and meeting of the Grayson Rural Electric Co-op near Grayson Monday night and Tuesday. Farm equipment, appliances and cars were exhibited. All dealers were pleased with the interest shown by the crowds. Hobart Adams, Manager, reported that 776 new members were added to the co-op's lines during the last year. He said: "Our co-op is an instrument owned by the rural people of this area. It provides electric service to the rural sections that would never have received this great benefit. We are now serving 4,265 members on a strictly cooperative basis."

THE WINNER

Diesel Progress
June 1952

Commencing in 1952, DIESEL PROGRESS will present a bronze plaque each year to the Rural Electrification Generating Plant most efficiently operated during the preceding 12 months. Efficiency is measured by the ability of the plant management to turn British Thermal Units contained in whatever fuel they use into usable electric energy. The plaque went this year to the Graham County Electric Co-op, Pima, Arizona. This co-op was organized in July 1946 to provide electric power in the fertile valley of the Gila River in southeastern Arizona. The area served is 45 miles long. Starting with 1025 consumers, it has expanded its system to serve 2100 consumers.

"The REA has been a great boon to the production of agricultural products in Graham County," stated S. L. Owens, County Agent.

TELEPHONES

REA ACTIVITIES

Telephony
June 14, 1952

Some idea of the emphasis which REA is placing on rural telephone loans to co-ops may be obtained from its loans during the period between May 12 and 23. In that time, REA approved \$3,648,000 for

six new telephone loan allocations. Out of the six were two for private companies, totaling \$650,000; the other four and the rest of the money were for co-ops. The Winnebago Cooperative Telephone Association of Thompson, Iowa, included in the above four, was the scene of the REA rural telephone moving picture reviewed here several months ago. This movie has been used as a promotional feature for organizing rural telephone co-ops. Closing out its May allocations, REA announced approval of a \$200,000 loan for Buggs Island Telephone Co-op of South Hill, Virginia, which makes five out of seven for co-ops.

USITA HOLDS ANNUAL CONFERENCE

Fortnightly Telephone Engineer
June 1, 1952

At the USITA Board of Directors meeting on May 7, the association's governing body adopted a resolution stating that where independent telephone companies cannot obtain loans from private banking or financial sources, they should apply to REA. Col. W. C. Henry, President of Northern Ohio Telephone Company, who heads the committee which has been conducting discussions with Administrator Wickard the past 18 months, said REA has revised the telephone loan contracts, one for co-ops and another for Independents. He said the contract for Independents contains 28 revisions of previous requirements and is now a "proper loan contract."

BUSY SIGNAL FOR TELEPHONE EQUIPMENT

Steel
June 2, 1952

Telephone equipment makers see their future resting on a secure cushion of long-distance dial equipment and farm expansion sponsored by RTA. Equipment makers are in the middle on an argument over their output. REA was granted authority by Congress to make loans to new or existing co-ops or companies. There are actually fewer phones on farms today than in 1920. But what makes the small independent telephone companies yelp is the "profit-tax-exempt" competition they see staring them in the face. Regulations prohibit Independents from making enough money to expand their facilities. Major telephone firms see a dangerous tendency in the "subsidization" (government lending rate is only 2 percent) and find their orders competing in equipment suppliers' backlogs with the RTA-sponsored job. It is believed now that few new telephone companies will come into being, but that existing firms will take the loans. The bigger firms are looking at rural service as sour grapes anyway.

PHONE FIRMS FACE SAME FATE WHICH BEFELL POWER COMPANIES

Editorial in
Greenville (SC) News
May 1952

To those persons who may consider the REA a harmless benevolent agency which makes electric power and telephone services available where private firms do not, Tuesday's column by Ray Tucker should have been a disillusioning eye-opener. He showed how private

phone firms are being forced to the wall through liberal government loans to co-ops; he went on to show how they may face virtual extinction as the government enters the telephone business as it entered the power business. Tucker says the public sees only brief notes that another phone co-op has been granted a loan for expansion and modernization. Those co-ops, instead of modernizing, use the funds to buy private firms. The desperateness of the situation is illustrated by Tucker when he points out that phone companies, apparently feeling they can combat it in no other way, now are planning to keep as much REA money as possible out of co-op hands by making heavy borrowings themselves in the hope of exhausting the fund! The very existence of the private telephone system in the U. S. may be at stake.

REA ANNOUNCES SIGNING OF FIRST
CONTRACT FOR EQUIPMENT DEVELOPMENT

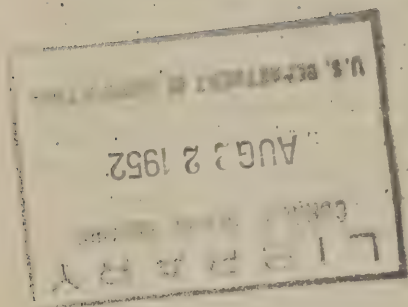
Fortnightly Telephone Engineer
June 1, 1952

The REA announced signing of its first contract for developing new telephone equipment on May 16 with the Budelman Radio Corporation, Stamford, Connecticut. The \$17,220 contract is for developing telephone carrier equipment designed primarily for multi-party subscriber service. Its objective is the development of equipment design for a quality product priced low enough to make extensive use by REA telephone borrowers feasible. REA said trial installation of carrier equipment on the lines of the Gulf Telephone Company, Foley, Alabama, had shown shortcomings in existing equipment for this type of operation, although it is now working satisfactorily.

ITEM FROM NEWSLETTER SECTION

Fortnightly Telephone Engineer
June 1, 1952

"Private telephone companies protested feasibility of South Georgia Rural Telephone Corporation's application for authority to serve rural areas in Berrien, Brooks, Colquitt and Cook Counties, Georgia. Co-op's application was opposed principally by Consolidated Telephone Company of Moultrie, which is seeking to serve large areas of Colquitt County. Southeastern Telephone Company said it has no objection to co-op as long as it does not invade Southeastern's territory in Berrien, Brooks and Cook Counties. Southern Bell asked that territory in Cook County be protected."



1.933
R222
Cap 2

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

August 29, 1952

P R E S S D I G E S T

A Sample of Newspaper Stories and Comment Regarding the
Rural Electrification and Rural Telephone Program

ELECTRIFICATION

NORTHEAST GROUP PLANS TO FORM
POWER CO-OP

Brattleboro (Vt.) Daily Reformer
August 6, 1952

The Northeastern Association of Electric Cooperatives announced plans yesterday for formation of a co-op to generate and transmit power for member systems in New England and New York. Officials said the co-op will undertake a detailed engineering survey of the northeast's power situation. This will supplement a survey recently completed by the engineering firm of Burns & McDonald of Kansas City, Missouri. Association members said the objective of the new group will be to bring about a plentiful supply of low cost electricity in rural areas to meet "ever increasing demands for power." Represented at the meeting were association officials, and electric co-op systems in East Montpelier and Johnson, Delhi, Bouckville and Otsego, New York, and Summitt, New Hampshire.

PUBLIC POWER DEVELOPMENTS SHOULD
BELONG TO THE PUBLIC

The (Louisville) Courier-Journal
June 4, 1952

Amid the clash of parties this campaign year, the government's public-power policy is being dangerously ignored. Over 20 years the theory has been that the people whose tax money builds multi-purpose dams and steam plants should have priority in buying the cheap electrical power from these facilities. Congress has included in TVA, reclamation and flood-control laws, "preference clauses," giving preference in the sale of electricity to REA co-ops, municipally-owned utilities and public power districts. Private utilities want not only the right to buy public power at government dams; they want the right to transmit all of it to the customers, at higher prices than the government charges. If this drive is successful, it will be a severe blow to regions now having access to cheap electricity. It is noteworthy that private utilities that decry the "socialism" of electric-power generation at government dams are entirely willing to use those socialistic facilities for their own advantage. Only the utilities lobby can explain why government-generated power is socialistic in the hands of a farmer REA member, and yet the essence of free enterprise in the hands of a private utility.

**TRILLION KILOWATT-HOURS IN 1970,
B. L. ENGLAND PREDICTS**

New York Journal of Commerce
July 7, 1952

"Let the enterprise system work and we'll provide the kilowatts for a strong and prosperous American without benefit of government subsidy," B. L. England, President of EEI, said in a statement following President Truman's speech at the dedication of the Bull Shoals Dam. The EEI head said the industry is thinking in terms of a trillion kilowatt-hours in 1970. Capacity is scheduled to reach more than 82 million kws by the end of 1954, he said. "The rapidity of this expansion is appreciated when it is known that in 1942--just 10 years ago--the installed capacity was 37 millions." Electric power, England pointed out, is one of the few raw materials that a manufacturer gets at less cost than 10 years ago. He cited National Industrial Conference Board figures to show the electricity the manufacturer buys for a dollar today would have cost \$1.12 in 1939. This declining cost in the face of inflation is a credit to the resourcefulness and research of the electric industry, England said.

**A PROPER ACTION AGAINST UNWISE
REA EXPANSION**

Florida Times-Union
Jacksonville, Florida

The Florida Road Board has acted properly in denying a Georgia electric cooperative permission to run power lines along highway rights-of-way in an area already provided with current. The original intent of the REA was good, as it sought to bring the boon of electric power to isolated farms and communities. More and more, however, the REA seeks to encroach upon areas with existing facilities. If more official agencies like the State Road Board took a firm step against unnecessary expansion of REA lines, the practice would receive a decided setback.

BRITISH SEEK ELECTRICITY

New York Times
July 17, 1952

London, July 16 (AP) - Britain's nationalized Electricity Authority announced today it had set aside 125,000 pounds (\$350,000) to find out if it could get electricity across the channel from France. Geoffrey Lloyd, Minister of Fuel and Power, told the House of Commons last week that Britain and France were thinking of swapping electricity because the off-peak hours of the two countries were at different times.

TELEPHONES

STATE ASSOCIATION ACTIVITIES

Fortnightly Telephone Engineer
July 1, 1952

Speaking of the plight of the small Independents, President Les Lamkins told the Wisconsin State Telephone Association in part: Blaming our present plight on the REA is begging the issue. The bald fact is that we now have competition. It is

partly our fault and partly the fault of the various state regulatory bodies that it did get started. Point is, these areas are going to be served, and adequately, by someone. The time has come to rebuild these rundown plants. This will require new money. We will show you how to get money.

Emphasizing that the industry can learn a lot from the REA, Lamkins said: Just take a look at the rates they're getting. They (REA) go to the regulatory bodies and say: 'We're going to organize a co-op in your state; we're asking prospective users to put up a small equity; then we're going to put in a good chunk of the taxpayers' money and we want it back.' Lamkins added: After all we're in the same boat as REA. We want our money back. It will take a lot of work. But the day of laissez faire is done. We have either got to get into our business or get out of it.

NORTH DAKOTA PHONE CO-OPS HIT
DELAY ON REA LOANS

St. Paul Pioneer Press
July 30, 1952

Fargo, N. D. (AP) The wish of a dozen rural co-ops to expedite their telephone loan applications, pending before REA in Washington, was expressed in a meeting here Tuesday called by the North Dakota State Association of Rural Telephone Co-ops. Senators Langer and Young are meeting with the group. REA is represented by William C. Wise, Deputy REA Administrator, and Richard Dell, Chief of REA Telephone Loans Division.

James F. Coleman, Grand Forks, N. D., told the meeting his group doesn't "want to wait 10 years for telephone service." He recalled how the REA program in the state went ahead rapidly through cooperation with private power companies. He suggested similar cooperation with Northwestern Bell Telephone Company could be helpful to the rural telephone co-op program. He expressed "disappointment" since only one telephone co-op (Dickey County) has received an allocation while six or more are pending.

Mr. Wise sharply disagreed with Coleman's statement that private utilities had cooperated with the REA power program. He was highly critical of the "switching arrangement" involved in the co-op tie-in with Bell lines whereby, it was indicated, the co-ops were switching the most profitable part of the business to Northwestern Bell. Wise suggested this would make loans to rural phone co-ops organized under the arrangement very risky, and indicated that was the key to REA withholding approval of loan applications.

REA CLARIFIES AREA COVERAGE

Public Utilities Fortnightly
July 3, 1952

The REA has issued an administrative bulletin clarifying certain aspects of area coverage provisions in telephone loan contracts. Generally, loans shall be made for the purpose of providing adequate telephone service to all persons within the area who

desire it. However, if it is found to be impractical to accomplish this result as a single project with one loan, consideration may be given to a loan application relating to only a portion of the area. Loans will not be made to provide service to only a portion of the area unless the proposed development is consistent with ultimate extension of service throughout the entire area. Where the area is partially within the boundaries of any village having a population in excess of 1500, the borrower will not be required to include such non-rural portions of the area in its program for area coverage. Borrowers will have the responsibility of ascertaining the demand for service in their service areas, and must supply REA with information as to means whereby such demand was determined. The borrower will be obligated to provide such facilities as may be necessary to serve all persons included in the project without payment by those persons of any extra charge. As an extension policy, the borrower shall provide service to the widest extent practicable to other unserved persons desiring service after completion of the project who meet either of these conditions: (1) Service to such persons will not reduce the over-all density of the system below that contemplated as existing at completion of the project. (2) Cost of required line extension will not exceed seven times the estimated annual exchange revenue from such persons.

REA TO SUPERVISE CONSTRUCTION UNDER Telephony
LOAN; COMPLAINTS STOP July 5, 1952

Subscribers dropped their complaints against Old Town Telephone System at a North Carolina Utilities Commission hearing on June 24, after the president of the company testified he had reached a loan agreement with the REA for a \$250,000 loan immediately and a maximum loan of \$1,000,000. He said the loan was approved on condition REA supervise the entire reconstruction program - engineering, materials and construction - and on condition the company provide free toll service; service for everyone who wants it. Subscribers had complained that toll charges from one community to another and to Winston-Salem are unfair. After hearing the president, they said they were satisfied.

DRIVE FOR MORE FARM PHONES
PUSHED BY FEDERAL BUREAU

Story by Roscoe Fleming in
Christian Science Monitor
July 11, 1952

The REA is changing partly into the Rural Telephone Administration. In 1920, only about 2 percent of America's farms had central-station power; by 1935 about 11 percent. Now the percentage is about 84. The telephone story is different. In 1920, more had telephones than have ever had them since, 38.7 percent; by 1935 about 20.6. By 1950, 38.3 percent, still less than in 1920. When the 1940 census indicated the decline in rural 'phones, farm organizations began working for a rural telephone loan act. Congress finally approved an amended REA Act. For the first year, loans could be made only to existing companies.

In Denver recently, REA Administrator Wickard explained the new setup to 200 area supervisors and other employees from the 18 Western States and Alaska. Telephone-program personnel will be increased by half, most being transferred from the maturing power program. R. A. Dell, Chief of the Telephone Loans Division, said that 186 loans have been allocated for a total of \$68 million, and that as much money is being put into improvements as new systems. The Deep South has the fewest telephones on farms.

NEWSLETTER SECTION

Fortnightly Telephone Engineer
August 1, 1952

Harassed by salt deposits, hurricanes, and low-flying ducks, a pole line serving Grand Isle, Louisiana, will be retired from service by Lafourche Telephone Company, REA borrower, when construction of a proposed microwave radio relay system is completed, the company informed FCC recently. To serve an unattended community dial office at Grand Isle, the company plans terminals at Grand Isle and near Larose, Louisiana, with a repeater at Golden Meadow, headquarters of company. Standby transmitter is planned at each location.

Plans cover a third type of problem under which REA borrowers have installed or proposed radio systems in lieu of wire lines. In Virginia a system has been set up to serve a small community isolated from borrower's service area by rough terrain. In Alabama, radio is planned over a route along which pole line construction and maintainance would be difficult.

ANOTHER WRITER SMITTEN

Oklahoma Rural News
Oklahoma City
July 1952

In a column in the May 27, 1952 Tulsa World, Ray Tucker states that a loan under the REA Telephone Act "swallowed up the telephone service in Administrator Wickard's home town of Camden, Indiana." On checking we find that no applications for loans have been made by the 50-year-old company, nor for acquiring its properties. Tucker further states that REA has initiated a program of loans to rural co-ops for purchase of local telephone systems of which there are about 6000 in the U. S. A check of the records discloses that of over \$68 million loaned for the telephone program, only \$1,871,779 is for the purpose of acquiring, modernizing and consolidating existing facilities -- and much of that has been secured by the companies themselves. Tucker says that 91 companies have obtained a total of \$23 million in loans. The figure is \$26,130,000 and from that, 103 companies will provide service to only 46,436 new subscribers. The co-ops which have borrowed must build their systems from scratch, yet with \$41 million they will serve nearly three times as many new subscribers as the companies.

OUT-DATED FARM TELEPHONES
FINALLY ON ROAD TO OBLIVION

Capper's Weekly
June 7, 1952

The "whoop-and-holler" telephone seems to be on the road to oblivion. Today the rural Midwest has fewer telephones than it did in 1920. One farmer said, "We've modernized everything on our farm but the telephone." Now since authorization of REA loans for new telephone construction, many Midwest farmers are making applications. One of the first is the Egyptian Telephone Cooperative Association of Steeleville, Illinois. Farmers flock to co-op meetings to learn how they can get new modern telephone systems to replace their equipment, some of which dates back to 1900. The REA which has been making loans to finance electric groups, also will handle the telephone loan program. However, it will not go into the telephone business, but merely make self-liquidating loans for the extension and improvement of rural telephone service. All the farmers need to do is form a co-op.

REA COOPERATIVE BUYS ILLINOIS
INDEPENDENT

Telephony
June 21, 1952

Announcement was made recently of the sale of Rice (Ill.) Telephone Company operating chiefly in the rural community north of Pinckneyville, to Egyptian Cooperative Telephone Company, Steeleville, an REA co-op.

The system at Rice has been in operation since 1902.

